



Reprinted
March 21, 2007

ENGROSSED SENATE BILL No. 128

DIGEST OF SB 128 (Updated March 20, 2007 2:05 pm - DI 102)

Citations Affected: IC 5-10; IC 5-10.2; IC 5-10.3; IC 5-10.4; IC 36-8; noncode.

Synopsis: Pensions. Allows a participant in the state excise police, gaming agent, and conservation enforcement officers' retirement plan (plan) to receive creditable service for the time a plan participant receives benefits under the state's long term disability plan. Allows a plan participant to purchase service credit for service earned in the public employees' retirement fund (PERF), the Indiana state teachers' retirement fund (TRF), the state police pension trust, or the 1977 police officers' and firefighters' pension and disability fund (1977 fund). Increases the plan participant's contribution from 3% of the first \$8,500 to 4% of the participant's annual salary. Authorizes an employer to pay all or a part of the plan participant's contribution. Increases from 1% to 1 2/3% the percentage of average salary used in computing a plan participant's annual retirement allowance for years of service greater than 25. Allows a plan participant who is at least 50 years of age and (Continued next page)

Effective: January 1, 2007 (retroactive); July 1, 2007.

Young R Michael, Waltz

(HOUSE SPONSORS — TYLER, BUELL, BATTLES, RESKE, KUZMAN)

January 8, 2007, read first time and referred to Committee on Pensions and Labor.
February 1, 2007, reported favorably — Do Pass.
February 6, 2007, read second time, ordered engrossed. Engrossed.
February 8, 2007, read third time, passed. Yeas 45, nays 0.

HOUSE ACTION

February 26, 2007, read first time and referred to Committee on Ways and Means.
March 12, 2007, amended, reported — Do Pass.
March 20, 2007, read second time, amended, ordered engrossed.

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ES 128—LS 6016/DI 102+



has at least 25 years of creditable service to retire with a normal (unreduced) benefit. Provides that a plan participant receiving a line of duty disability benefit is entitled: (1) to receive a disability benefit for the remainder of the participant's life; and (2) to have the benefit recomputed as a normal benefit when the participant becomes 60 years of age. Strongly encourages the PERF and TRF boards to employ investment managers that are minority business enterprises and investment managers that are women-owned business enterprises. Specifies that 15% of the assets of each fund must be placed under the investment control of investment managers that are minority business enterprises and 5% of the assets of each fund must be placed under the investment control of investment managers that are women-owned business enterprises. Increases the minimum monthly disability retirement benefit paid to certain PERF or TRF members from \$100 to \$180. Provides that a distribution of a thirteenth check by PERF or TRF must include distribution to members eligible for disability benefits. Authorizes the transfer from the 1977 fund to PERF of service credit and contributions for certain appointed police and fire chiefs and waives all credit for the service in the 1977 fund if the transfer to PERF is made. Allows an employee beneficiary (excluding a sheriff) to authorize the trustee of a sheriff's pension trust to pay a portion of the employee beneficiary's monthly pension benefit to an insurance provider for the payment of accident, health, or long term care insurance premiums for the employee beneficiary, the employee beneficiary's spouse, or the employee beneficiary's dependents. Extends the pilot program for the defined contribution plan of the legislators' retirement system until July 1, 2010. (The introduced version of this bill was prepared by the pension management oversight commission.)

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First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 128

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10-5.5-7 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. **(a)** Upon election to
3 become a participant by any officer who is a member of the public
4 employees' retirement fund, the board shall transfer all creditable
5 service standing to the credit of the electing officer under the public
6 employees' retirement fund to the credit of the electing officer under
7 the retirement plan created by this chapter.

8 **(b)** Creditable service under this chapter, including credit for
9 military service, shall accrue and be computed and credited to
10 participants in the same manner and in the same amount as creditable
11 service accrues, is computed and credited under the public employees'
12 retirement law.

13 **(c) In addition to creditable service computed under subsection**
14 **(b), a participant is entitled to receive creditable service under this**
15 **chapter for the time the participant receives disability benefits**
16 **under a disability plan established under IC 5-10-8-7.**

17 SECTION 2. IC 5-10-5.5-7.5 IS ADDED TO THE INDIANA

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CODE AS A NEW SECTION TO READ AS FOLLOWS
 [EFFECTIVE JULY 1, 2007]: **Sec. 7.5. (a) As used in this section, "board" refers to the board of trustees of the public employees' retirement fund established by IC 5-10.3-3-1.**

(b) As used in this section, "public retirement fund" refers collectively to:

- (1) the public employees' retirement fund (IC 5-10.3);**
- (2) the Indiana state teachers' retirement fund (IC 5-10.4);**
- (3) the state police pension trust (IC 10-12); and**
- (4) the 1977 police officers' and firefighters' pension and disability fund (IC 36-8-8).**

(c) Subject to this section, a participant may purchase service credit for the participant's prior service in a position covered by a public retirement fund.

(d) To purchase the service credit described in subsection (c), a participant must meet the following requirements:

- (1) The participant has at least one (1) year of creditable service in the retirement plan created by this chapter.**
- (2) The participant has not attained vested status in and is not an active participant in the public retirement fund from which the participant is purchasing the service credit.**
- (3) Before the participant retires, the participant makes contributions to the retirement plan created by this chapter as follows:**

(A) Contributions that are equal to the product of the following:

- (i) The participant's salary at the time the participant actually makes a contribution for the service credit.**
- (ii) A rate, determined by the actuary for the retirement plan created by this chapter, based on the age of the participant at the time the participant actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.**
- (iii) The number of years of service credit the participant intends to purchase.**

(B) Contributions for any accrued interest, at a rate determined by the actuary for the retirement plan created by this chapter, for the period from the participant's initial participation in the retirement plan created by this chapter to the date payment is made by the participant.

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(e) At the request of the participant purchasing service credit under this section, the amount a participant is required to contribute under subsection (d)(3) may be reduced by a trustee to trustee transfer from a public retirement fund in which the participant has an account that contains amounts attributable to member contributions (plus any credited earnings) to the retirement plan created by this chapter. The participant may direct the transfer of an amount only to the extent necessary to fund the service purchase under subsection (d)(3). The participant shall complete any forms required by the public retirement fund from which the participant is requesting a transfer or the retirement plan created by this chapter before the transfer is made.

(f) At least ten (10) years of service in the retirement plan created by this chapter is required before a participant may receive a benefit based on service credit purchased under this section.

(g) A participant who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive an annual retirement allowance; or

(2) receives an annual retirement allowance for the same service from another tax supported governmental retirement plan other than under the federal Social Security Act; may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the retirement plan created by this chapter.

(h) The following may apply to the purchase of service credit under this section:

(1) The board may allow a participant to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A participant may not claim the service credit for purposes of determining eligibility for a benefit or computing benefits unless the participant has made all payments required for the purchase of the service credit.

(i) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing

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permissive service credit under this chapter, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(j) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 3. IC 5-10-5.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) **Except as provided in subsection (c),** every participant shall contribute ~~three~~ **four** percent ~~(3%)~~ **(4%)** of the ~~first eight thousand five hundred dollars (\$8,500) of his participant's~~ annual salary to the participants' savings fund.

(b) Contributions shall be made in the form of payroll deductions from each and every payment of salary received by the participant. Every participant shall, as a condition precedent to ~~his~~ becoming a participant, consent to the payroll deductions.

(c) An employer may pay all or a part of the contributions for the participant. All contributions made by an employer under this subsection shall be treated as pick-up contributions under Section 414(h)(2) of the Internal Revenue Code.

SECTION 4. IC 5-10-5.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Benefits provided under this section are subject to section 2.5 of this chapter.

(b) The annual retirement allowance of a participant, payable in equal monthly installments beginning on ~~his~~ **the participant's** normal retirement date, shall be a percentage of ~~his~~ **the participant's** average

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annual salary, such percentage to be twenty-five percent (25%) increased by one and two-thirds percent ($1\frac{2}{3}\%$) of ~~his the~~ **participant's** average annual salary for each completed year of creditable service more than ten (10) years. ~~and one percent (1%) of his average annual salary for each completed year of creditable service more than twenty-five (25) years.~~

(c) The annual retirement allowance shall cease with the last monthly payment prior to the death of the participant.

SECTION 5. IC 5-10-5.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) Any participant who has attained the age of forty-five (45) years and has accrued at least fifteen (15) years of creditable service may retire and become eligible for benefits as provided in section 12(a) of this chapter.

(b) If:

(1) a participant is at least fifty-five (55) years of age; and

(2) the sum of the participant's years of creditable service and age in years equals at least eighty-five (85);

the participant may retire and become eligible for benefits as provided in section 12(b) of this chapter.

(c) **A participant who:**

(1) is at least fifty (50) years of age; and

(2) has accrued at least twenty-five (25) years of creditable service;

may retire and become eligible for benefits under section 12(b) of this chapter.

SECTION 6. IC 5-10-5.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The amount of annual retirement allowance payable in equal monthly installments to a participant who retires under section 11(a) of this chapter (relating to early retirement) shall be determined in accordance with section 10(a) of this chapter (relating to normal retirement). However, the amount of annual retirement allowance otherwise payable upon early retirement shall be reduced by one-quarter percent ($1/4\%$) for each full month that the date of early retirement precedes the attainment of the participant's sixtieth birthday.

(b) The amount of annual retirement allowance payable in equal monthly installments to a participant who retires under section 11(b) **or 11(c)** of this chapter (relating to early retirement) shall be determined in accordance with section 10(a) of this chapter (relating to normal retirement).

SECTION 7. IC 5-10-5.5-13.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. (a) This section

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1 applies to participants whose disability occurred after June 30, 1987.

2 (b) Benefits provided under this section are subject to section 2.5 of
3 this chapter.

4 (c) As used in this section, a disability is to be considered to have
5 arisen in the line of duty if the disability is the direct result of:

6 (1) a personal injury that occurs while the participant is on duty;

7 or

8 (2) a personal injury that occurs while the participant is off duty
9 and responding to an offense or an emergency or a reported
10 offense or emergency;

11 or if the disability is presumed incurred in the line of duty under
12 IC 5-10-13.

13 (d) A participant whose disability arose in the line of duty is entitled
14 to a monthly benefit equal to the participant's monthly salary on the
15 date of disability multiplied by the degree of impairment (expressed as
16 a percentage impairment of the person as a whole). However, the
17 monthly benefit under this subsection must be at least:

18 (1) twenty percent (20%) of the participant's monthly salary on
19 the date of the disability if the participant has more than five (5)
20 years of service; or

21 (2) ten percent (10%) of the participant's monthly salary on the
22 date of the disability if the participant has five (5) or fewer years
23 of service.

24 (e) A participant whose disability did not arise in the line of duty is
25 entitled to a monthly benefit equal to one-half (1/2) of the participant's
26 monthly salary on the date of disability multiplied by the degree of
27 impairment (expressed as a percentage of the person as a whole).
28 However, the monthly benefit under this subsection must be at least:

29 (1) ten percent (10%) of the participant's monthly salary on the
30 date of the disability if the participant has more than five (5) years
31 of service; or

32 (2) five percent (5%) of the participant's monthly salary on the
33 date of the disability if the participant has five (5) or fewer years
34 of service.

35 **(f) A participant who is receiving a disability benefit under**
36 **subsection (d) is entitled:**

37 **(1) to receive a disability benefit for the remainder of the**
38 **participant's life; and**

39 **(2) to have the participant's benefit recomputed under section**
40 **10 of this chapter (relating to normal retirement) when the**
41 **participant becomes sixty (60) years of age.**

42 SECTION 8. IC 5-10.2-2-19 IS ADDED TO THE INDIANA CODE

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1 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
2 1, 2007]: Sec. 19. (a) As used in this section, "emerging money
3 manager" means an investment adviser that:

4 (1) has an investment portfolio of less than one billion dollars
5 (\$1,000,000,000) on July 1, 2007; and

6 (2) is a minority business enterprise (as defined in
7 IC 4-13-16.5-1) or a women-owned business enterprise (as
8 defined in IC 5-16-6.5-3).

9 (b) The board of each fund is strongly encouraged to use
10 emerging money managers to the greatest extent feasible in
11 managing the assets of the fund.

12 (c) Except as provided in subsection (d), not later than
13 December 31, 2008, each board shall contract for and employ:

14 (1) emerging money managers that are minority business
15 enterprises to manage at least fifteen percent (15%) of the
16 assets under the board's control; and

17 (2) emerging money managers that are women-owned
18 business enterprises to manage at least five percent (5%) of
19 the assets under the board's control.

20 (d) Beginning with the 2007 annual report, each fund shall
21 provide the following information in its annual report each year:

22 (1) The identity of each emerging money manager used by the
23 fund.

24 (2) The percentage of the fund's assets under the investment
25 control of each emerging money manager used by the fund.

26 If either fund, exercising financial and fiduciary prudence,
27 determines that it is unable to meet the percentages set forth in
28 subsection (c), the fund shall include in its annual report a
29 description of efforts made to meet the percentages and a
30 description of the fund's plan to achieve the percentages as quickly
31 as possible.

32 SECTION 9. IC 5-10.2-4-6 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:

34 Sec. 6. (a) A member who becomes disabled while receiving a salary
35 or employer provided income protection benefits or who is on leave
36 under the Family and Medical Leave Act may retire for the duration of
37 his the member's disability if:

38 (1) the member has at least five (5) years of creditable service
39 before the:

40 (A) termination of a salary or employer provided income
41 protection benefits or Family and Medical Leave Act leave; or

42 (B) exhaustion of all worker's compensation benefits;

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(2) the member has qualified for Social Security disability benefits and has furnished proof of the Social Security qualification to the board; and

(3) at least once each year until the member reaches age sixty-five

(65) a representative of the board verifies the continued disability.

For the purposes of this section, a member of the public employees' retirement fund who has qualified for disability benefits under the federal civil service system is considered to have met the requirement of subdivision (2) if ~~he~~ **the member** furnishes proof of the qualification to the board of the public employees' retirement fund.

(b) Benefits for disability shall be paid beginning with the month following the onset of disability as determined by the Social Security Administration. The benefit is the retirement benefit specified in section 4 of this chapter with the pension computed using only the years of creditable service worked to the date of disability and without reduction for early retirement. However, the monthly disability retirement benefit may not be less than one hundred ~~eighty~~ **eighty** dollars ~~(\$100)~~ **(\$180)**.

(c) The member may have ~~his~~ **the member's** benefit paid under any of the retirement benefit options specified in section 7 of this chapter, except that the member may not choose to have the member's disability retirement benefit paid under the method specified under section 7(b)(3) of this chapter.

(d) This section applies to:

(1) a member of the public employees' retirement fund who became disabled after June 30, 1973; and

(2) a member of the Indiana state teachers' retirement fund who becomes disabled after June 30, 1984, and who chooses disability retirement under this section.

(e) To the extent required by the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and any amendments and regulations to the Act, the transcripts, records, and other material compiled to determine the existence of a disability shall be:

(1) kept in separate medical files for each member; and

(2) treated as confidential medical records.

(f) A member may continue to receive disability benefits from the public employees' retirement fund or the Indiana state teachers' retirement fund so long as the member is entitled to receive Social Security benefits, including periods of trial employment or rehabilitation under the Social Security guidelines. However, during a period of trial employment or rehabilitation, service credit may not be granted under the public employees' retirement fund or the Indiana

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1 state teachers' retirement fund.

2 **(g) If the fund is authorized to make, in the form of a single**
 3 **check or a series of checks, a one (1) time distribution that does not**
 4 **increase the pension portion of the monthly benefit, the**
 5 **distribution must include members eligible for disability benefits.**
 6 **A member eligible for disability benefits is required to meet all**
 7 **additional requirements necessary to receive the check or series of**
 8 **checks issued by the fund under this subsection.**

9 SECTION 10. IC 5-10.3-5-4 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Securities shall
 11 be held for the fund by banks or trust companies under a custodial
 12 agreement. Income, interest, proceeds of sale, materials, redemptions,
 13 and all other receipts from securities and other investments which the
 14 board retains for the cash working balance shall be deposited with the
 15 treasurer of state.

16 **(b) Subject to IC 5-10.2-2-19,** the board may contract with
 17 investment counsel, trust companies, or banks to assist the board in its
 18 investment program.

19 SECTION 11. IC 5-10.4-3-10, AS ADDED BY P.L.2-2006,
 20 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JULY 1, 2007]: Sec. 10. (a) The board shall invest its assets with the
 22 care, skill, prudence, and diligence that a prudent person acting in a
 23 like capacity and familiar with such matters would use in the conduct
 24 of an enterprise of a like character with like aims. The board also shall
 25 diversify investments in accordance with prudent investment standards,
 26 subject to the limitations and restrictions set forth in IC 5-10.2-2-18.

27 (b) The board may:

28 (1) make or have investigations made concerning investments;
 29 and

30 (2) contract for and employ investment counsel to advise and
 31 assist in the purchase and sale of securities, **subject to**
 32 **IC 5-10.2-2-19.**

33 (c) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16 when
 34 managing real property as an investment. A management agreement
 35 entered into by the board shall ensure that the management agent acts
 36 in a prudent manner regarding the purchase of goods and services.
 37 Contracts for the management of investment property shall be
 38 submitted to the governor, the attorney general, and the budget agency
 39 for approval. A contract for the management of real property as an
 40 investment:

41 (1) may not exceed a four (4) year term and must be based upon
 42 guidelines established by the board;

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(2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;

(3) shall establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and

(4) may provide specific guidelines for the board to:

(A) purchase new properties;

(B) contract for the construction or repair of properties; and

(C) lease or sell properties;

without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all the following:

(1) Each beneficiary of the trust.

(2) Each settlor empowered to revoke or modify the trust.

SECTION 12. IC 36-8-8-7.2 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 7.2. (a) This section applies to an individual:**

(1) who becomes a member of the 1977 fund under section 7(h) of this chapter;

(2) whose appointment as a fire chief or police chief ends after June 30, 2007; and

(3) who is not eligible to receive a benefit from the 1977 fund at the end of the individual's appointment as a fire chief or police chief.

(b) A fund member described in subsection (a) may elect:

(1) to receive the fund member's contributions to the 1977 fund under section 8 of this chapter; or

(2) to transfer the fund member's service credit earned as a fire chief or police chief to PERF under subsection (c).

(c) If a fund member makes the election described in subsection (b)(2), the PERF board shall:

(1) grant to the fund member service credit in PERF for all service earned as a fire chief or police chief in the 1977 fund; and

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1 (2) transfer from the 1977 fund to PERF:

2 (A) the fund member's contributions made during the fund
3 member's appointment as a fire chief or police chief to the
4 1977 fund; plus

5 (B) the present value of the unreduced benefit that would
6 be payable to the transferring fund member upon
7 retirement under section 10 of this chapter.

8 (d) The PERF board shall deposit the amounts transferred to
9 PERF under subsection (c) as follows:

10 (1) The fund member's contributions to the 1977 fund shall be
11 credited to the fund member's PERF annuity savings account.

12 (2) The present value of the unreduced benefit that would be
13 payable to the transferring fund member upon retirement
14 under section 10 of this chapter shall be credited to PERF's
15 retirement allowance account.

16 (e) For a fund member who makes the election described in
17 subsection (b)(2), all credit for service as a fire chief or police chief
18 in the 1977 fund is waived.

19 SECTION 13. IC 36-8-8-8 IS AMENDED TO READ AS
20 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) Each fund
21 member shall contribute during the period of ~~his~~ **the fund member's**
22 employment or for thirty-two (32) years, whichever is shorter, an
23 amount equal to six percent (6%) of the salary of a first class patrolman
24 or firefighter. However, the employer may pay all or a part of the
25 contribution for the member. The amount of the contribution, other
26 than contributions paid on behalf of a member, shall be deducted each
27 pay period from each fund member's salary by the disbursing officer of
28 the employer. The employer shall send to the PERF board each year on
29 March 31, June 30, September 30, and December 31, for the calendar
30 quarters ending on those dates, a certified list of fund members and a
31 warrant issued by the employer for the total amount deducted for fund
32 members' contributions.

33 (b) **Except as provided in section 7.2 of this chapter**, if a fund
34 member ends ~~his~~ **the fund member's** employment other than by death
35 or disability before ~~he~~ **the fund member** completes twenty (20) years
36 of active service, the PERF board shall return to ~~him~~ **the fund member**
37 in a lump sum ~~his~~ **the fund member's** contributions plus interest as
38 determined by the PERF board. If the fund member returns to service,
39 ~~he~~ **the fund member** is entitled to credit for the years of service for
40 which ~~his~~ **the fund member's** contributions were refunded if ~~he~~ **the**
41 **fund member** repays the amount refunded to ~~him~~ **the fund member**
42 in either a lump sum or a series of payments determined by the PERF

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board.

SECTION 14. IC 36-8-10-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. **Except as provided in section 19 of this chapter**, a sheriff may participate in the pension trust in the same manner as a county police officer. In addition, a sheriff who is not participating in the pension trust after the creation of the pension trust in ~~his~~ **the sheriff's** county may make a payment to the pension trust in the amount of contributions ~~he~~ **the sheriff** would have made had ~~he~~ **the sheriff** been participating while a sheriff, plus interest at three percent (3%) compounded annually. The sheriff is entitled to credit for the years of service as a sheriff for all purposes of the pension trust if ~~he~~ **the sheriff** makes this payment.

SECTION 15. IC 36-8-10-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. **(a) Except as provided in subsection (c)**, a person entitled to ~~a~~ **an** interest in or share of a pension or benefit from the trust funds may not, before the actual payment, anticipate it or sell, assign, pledge, mortgage, or otherwise dispose of or encumber it. In addition, the interest, share, pension, or benefit is not, before the actual payment, liable for the debts or liabilities of the person entitled to it, nor is it subject to attachment, garnishment, execution, levy, or sale on judicial proceedings, or transferable, voluntarily or involuntarily.

(b) The trustee may expend the sums from the fund that it considers proper for necessary expenses.

(c) This subsection does not apply to the sheriff of a county. Notwithstanding any other provision in this chapter, an employee beneficiary who is receiving a normal or disability monthly pension benefit under this chapter may, after June 30, 2007, authorize the trustee to pay a portion of the employee beneficiary's monthly pension benefit to an insurance provider for the purpose of paying a premium on a policy of insurance for accident, health, or long term care coverage for:

(1) the employee beneficiary;

(2) the employee beneficiary's spouse; or

(3) the employee beneficiary's dependents (as defined in Section 152 of the Internal Revenue Code).

SECTION 16. P.L.29-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: SECTION 4. (a) As used in this SECTION, "PERF board" refers to the public employees' retirement fund board of trustees established by IC 5-10.3-3-1.

(b) As used in this SECTION, "fund" refers to the fund for the defined contribution plan of the legislators' retirement system

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1 established by IC 2-3.5-3-2.

2 (c) Beginning January 1, 2004, the PERF board shall conduct a pilot
3 program concerning:

4 (1) the implementation of a member's investment selection; and

5 (2) the crediting of a member's contributions and earnings;

6 for the fund.

7 (d) The pilot program referred to in subsection (c) must include the
8 following elements:

9 (1) Notwithstanding IC 2-3.5-5-3(b)(2), the PERF board shall
10 implement a member's selection under IC 2-3.5-5-3 not later than
11 the next business day following receipt of the member's selection
12 by the PERF board. This date is the effective date of the member's
13 selection.

14 (2) Notwithstanding IC 2-3.5-5-3(b)(7), all contributions to a
15 member's account in the fund must be allocated under
16 IC 2-3.5-5-3 not later than the last day of the quarter in which the
17 contributions are received and reconciled in accordance with the
18 member's most recent effective direction.

19 (3) Notwithstanding IC 2-3.5-5-3(c) and IC 2-3.5-5-3(d), when a
20 member retires, becomes disabled, dies, or withdraws from the
21 fund, the amount credited to the member is the market value of
22 the member's investment as of five (5) business days preceding
23 the member's distribution or annuitization at retirement, disability,
24 death, or withdrawal, plus contributions received after that date.

25 (4) Notwithstanding IC 2-3.5-5-4, contributions to the fund under
26 IC 2-3.5-5-4 must be credited to the fund not later than the last
27 day of the quarter in which the contributions were deducted.

28 (5) Notwithstanding IC 2-3.5-5-5, the state shall make
29 contributions under IC 2-3.5-5-5 to the fund not later than the last
30 day of each quarter. The contributions must equal twenty percent
31 (20%) of the annual salary received by each participant during
32 that quarter.

33 (e) Before November 1 ~~2006~~, **of each year**, the PERF board shall
34 report to the pension management oversight commission established by
35 IC 2-5-12 the results of the pilot program referred to in subsection (c)
36 and shall recommend proposed legislation if the report includes a
37 finding that the pilot program should be implemented on a permanent
38 basis. If the PERF board recommends implementing the pilot program
39 on a permanent basis, the PERF board shall provide to the pension
40 management oversight commission a schedule to implement the
41 elements of the pilot program on a permanent basis for all funds for
42 which it has responsibility.

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(f) This SECTION expires July 1, ~~2007~~ 2010.

SECTION 17. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-7.5, as added by this act, and IC 5-10-5.5-8, as amended by this act, apply after June 30, 2007, to active participants in the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2.

SECTION 18. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-10, IC 5-10-5.5-11, and IC 5-10-5.5-12, all as amended by this act, apply to participants of the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2 who retire after June 30, 2007.

SECTION 19. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-7 and IC 5-10-5.5-13.5, both as amended by this act, apply to participants of the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2 who become disabled after June 30, 2007.

SECTION 20. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] IC 5-10.2-4-6, as amended by this act, applies to disability retirement benefits payable by the Indiana state teachers' retirement fund and the public employees' retirement fund after December 31, 2006.

SECTION 21. An emergency is declared for this act.

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SENATE MOTION

Madam President: I move that Senator Waltz be added as second author of Senate Bill 128.

YOUNG R MICHAEL

COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 128, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 128 as introduced.)

KRUSE, Chairperson

Committee Vote: Yeas 10, Nays 1.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 128, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 2, after line 42, begin a new paragraph and insert:

"SECTION 3. P.L.29-2006, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: SECTION 4. (a) As used in this SECTION, "PERF board" refers to the public employees' retirement fund board of trustees established by IC 5-10.3-3-1.

(b) As used in this SECTION, "fund" refers to the fund for the defined contribution plan of the legislators' retirement system established by IC 2-3.5-3-2.

(c) Beginning January 1, 2004, the PERF board shall conduct a pilot program concerning:

- (1) the implementation of a member's investment selection; and
- (2) the crediting of a member's contributions and earnings; for the fund.

(d) The pilot program referred to in subsection (c) must include the following elements:

- (1) Notwithstanding IC 2-3.5-5-3(b)(2), the PERF board shall implement a member's selection under IC 2-3.5-5-3 not later than

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the next business day following receipt of the member's selection by the PERF board. This date is the effective date of the member's selection.

(2) Notwithstanding IC 2-3.5-5-3(b)(7), all contributions to a member's account in the fund must be allocated under IC 2-3.5-5-3 not later than the last day of the quarter in which the contributions are received and reconciled in accordance with the member's most recent effective direction.

(3) Notwithstanding IC 2-3.5-5-3(c) and IC 2-3.5-5-3(d), when a member retires, becomes disabled, dies, or withdraws from the fund, the amount credited to the member is the market value of the member's investment as of five (5) business days preceding the member's distribution or annuitization at retirement, disability, death, or withdrawal, plus contributions received after that date.

(4) Notwithstanding IC 2-3.5-5-4, contributions to the fund under IC 2-3.5-5-4 must be credited to the fund not later than the last day of the quarter in which the contributions were deducted.

(5) Notwithstanding IC 2-3.5-5-5, the state shall make contributions under IC 2-3.5-5-5 to the fund not later than the last day of each quarter. The contributions must equal twenty percent (20%) of the annual salary received by each participant during that quarter.

(e) Before November 1 ~~2006~~, **of each year**, the PERF board shall report to the pension management oversight commission established by IC 2-5-12 the results of the pilot program referred to in subsection (c) and shall recommend proposed legislation if the report includes a finding that the pilot program should be implemented on a permanent basis. If the PERF board recommends implementing the pilot program on a permanent basis, the PERF board shall provide to the pension management oversight commission a schedule to implement the elements of the pilot program on a permanent basis for all funds for which it has responsibility.

(f) This SECTION expires July 1, ~~2007~~: **2010**."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 128 as printed February 2, 2007.)

CRAWFORD, Chair

Committee Vote: yeas 17, nays 0.

ES 128—LS 6016/DI 102+



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HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 128 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10-5.5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7. **(a)** Upon election to become a participant by any officer who is a member of the public employees' retirement fund, the board shall transfer all creditable service standing to the credit of the electing officer under the public employees' retirement fund to the credit of the electing officer under the retirement plan created by this chapter.

(b) Creditable service under this chapter, including credit for military service, shall accrue and be computed and credited to participants in the same manner and in the same amount as creditable service accrues, is computed and credited under the public employees' retirement law.

(c) In addition to creditable service computed under subsection (b), a participant is entitled to receive creditable service under this chapter for the time the participant receives disability benefits under a disability plan established under IC 5-10-8-7.

SECTION 2. IC 5-10-5.5-7.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 7.5. **(a)** As used in this section, "board" refers to the board of trustees of the public employees' retirement fund established by IC 5-10.3-3-1.

(b) As used in this section, "public retirement fund" refers collectively to:

- (1) the public employees' retirement fund (IC 5-10.3);**
- (2) the Indiana state teachers' retirement fund (IC 5-10.4);**
- (3) the state police pension trust (IC 10-12); and**
- (4) the 1977 police officers' and firefighters' pension and disability fund (IC 36-8-8).**

(c) Subject to this section, a participant may purchase service credit for the participant's prior service in a position covered by a public retirement fund.

(d) To purchase the service credit described in subsection (c), a participant must meet the following requirements:

- (1) The participant has at least one (1) year of creditable service in the retirement plan created by this chapter.**
- (2) The participant has not attained vested status in and is not an active participant in the public retirement fund from**

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which the participant is purchasing the service credit.

(3) Before the participant retires, the participant makes contributions to the retirement plan created by this chapter as follows:

(A) Contributions that are equal to the product of the following:

(i) The participant's salary at the time the participant actually makes a contribution for the service credit.

(ii) A rate, determined by the actuary for the retirement plan created by this chapter, based on the age of the participant at the time the participant actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.

(iii) The number of years of service credit the participant intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the retirement plan created by this chapter, for the period from the participant's initial participation in the retirement plan created by this chapter to the date payment is made by the participant.

(e) At the request of the participant purchasing service credit under this section, the amount a participant is required to contribute under subsection (d)(3) may be reduced by a trustee to trustee transfer from a public retirement fund in which the participant has an account that contains amounts attributable to member contributions (plus any credited earnings) to the retirement plan created by this chapter. The participant may direct the transfer of an amount only to the extent necessary to fund the service purchase under subsection (d)(3). The participant shall complete any forms required by the public retirement fund from which the participant is requesting a transfer or the retirement plan created by this chapter before the transfer is made.

(f) At least ten (10) years of service in the retirement plan created by this chapter is required before a participant may receive a benefit based on service credit purchased under this section.

(g) A participant who:

(1) terminates employment before satisfying the eligibility requirements necessary to receive an annual retirement allowance; or

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(2) receives an annual retirement allowance for the same service from another tax supported governmental retirement plan other than under the federal Social Security Act; may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the retirement plan created by this chapter.

(h) The following may apply to the purchase of service credit under this section:

(1) The board may allow a participant to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

(2) The board may deny an application for the purchase of service credit if the purchase would exceed the limitations under Section 415 of the Internal Revenue Code.

(3) A participant may not claim the service credit for purposes of determining eligibility for a benefit or computing benefits unless the participant has made all payments required for the purchase of the service credit.

(i) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a rollover of a distribution from any of the following:

(1) A qualified plan described in Section 401(a) or Section 403(a) of the Internal Revenue Code.

(2) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

(3) An eligible plan that is maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state under Section 457(b) of the Internal Revenue Code.

(4) An individual retirement account or annuity described in Section 408(a) or Section 408(b) of the Internal Revenue Code.

(j) To the extent permitted by the Internal Revenue Code and applicable regulations, the retirement plan created by this chapter may accept, on behalf of a participant who is purchasing permissive service credit under this chapter, a trustee to trustee transfer from any of the following:

(1) An annuity contract or account described in Section 403(b) of the Internal Revenue Code.

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(2) An eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code.

SECTION 3. IC 5-10-5.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 8. (a) **Except as provided in subsection (c),** every participant shall contribute ~~three~~ **four** percent ~~(3%)~~ **(4%)** of the ~~first eight thousand five hundred dollars (\$8,500)~~ **of his participant's** annual salary to the participants' savings fund.

(b) Contributions shall be made in the form of payroll deductions from each and every payment of salary received by the participant. Every participant shall, as a condition precedent to ~~his~~ becoming a participant, consent to the payroll deductions.

(c) An employer may pay all or a part of the contributions for the participant. All contributions made by an employer under this subsection shall be treated as pick-up contributions under Section 414(h)(2) of the Internal Revenue Code.

SECTION 4. IC 5-10-5.5-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) Benefits provided under this section are subject to section 2.5 of this chapter.

(b) The annual retirement allowance of a participant, payable in equal monthly installments beginning on ~~his the participant's~~ normal retirement date, shall be a percentage of ~~his the participant's~~ average annual salary, such percentage to be twenty-five percent (25%) increased by one and two-thirds percent (1 2/3%) of ~~his the participant's~~ average annual salary for each completed year of creditable service more than ten (10) years. ~~and one percent (1%) of his average annual salary for each completed year of creditable service more than twenty-five (25) years.~~

(c) The annual retirement allowance shall cease with the last monthly payment prior to the death of the participant.

SECTION 5. IC 5-10-5.5-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 11. (a) Any participant who has attained the age of forty-five (45) years and has accrued at least fifteen (15) years of creditable service may retire and become eligible for benefits as provided in section 12(a) of this chapter.

(b) If:

- (1) a participant is at least fifty-five (55) years of age; and
- (2) the sum of the participant's years of creditable service and age in years equals at least eighty-five (85);

the participant may retire and become eligible for benefits as provided in section 12(b) of this chapter.

(c) A participant who:

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- (1) is at least fifty (50) years of age; and**
- (2) has accrued at least twenty-five (25) years of creditable service;**

may retire and become eligible for benefits under section 12(b) of this chapter.

SECTION 6. IC 5-10-5.5-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The amount of annual retirement allowance payable in equal monthly installments to a participant who retires under section 11(a) of this chapter (relating to early retirement) shall be determined in accordance with section 10(a) of this chapter (relating to normal retirement). However, the amount of annual retirement allowance otherwise payable upon early retirement shall be reduced by one-quarter percent (1/4%) for each full month that the date of early retirement precedes the attainment of the participant's sixtieth birthday.

(b) The amount of annual retirement allowance payable in equal monthly installments to a participant who retires under section 11(b) **or 11(c)** of this chapter (relating to early retirement) shall be determined in accordance with section 10(a) of this chapter (relating to normal retirement).

SECTION 7. IC 5-10-5.5-13.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13.5. (a) This section applies to participants whose disability occurred after June 30, 1987.

(b) Benefits provided under this section are subject to section 2.5 of this chapter.

(c) As used in this section, a disability is to be considered to have arisen in the line of duty if the disability is the direct result of:

- (1) a personal injury that occurs while the participant is on duty; or
- (2) a personal injury that occurs while the participant is off duty and responding to an offense or an emergency or a reported offense or emergency;

or if the disability is presumed incurred in the line of duty under IC 5-10-13.

(d) A participant whose disability arose in the line of duty is entitled to a monthly benefit equal to the participant's monthly salary on the date of disability multiplied by the degree of impairment (expressed as a percentage impairment of the person as a whole). However, the monthly benefit under this subsection must be at least:

- (1) twenty percent (20%) of the participant's monthly salary on the date of the disability if the participant has more than five (5) years of service; or

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(2) ten percent (10%) of the participant's monthly salary on the date of the disability if the participant has five (5) or fewer years of service.

(e) A participant whose disability did not arise in the line of duty is entitled to a monthly benefit equal to one-half (1/2) of the participant's monthly salary on the date of disability multiplied by the degree of impairment (expressed as a percentage of the person as a whole). However, the monthly benefit under this subsection must be at least:

(1) ten percent (10%) of the participant's monthly salary on the date of the disability if the participant has more than five (5) years of service; or

(2) five percent (5%) of the participant's monthly salary on the date of the disability if the participant has five (5) or fewer years of service.

(f) A participant who is receiving a disability benefit under subsection (d) is entitled:

(1) to receive a disability benefit for the remainder of the participant's life; and

(2) to have the participant's benefit recomputed under section 10 of this chapter (relating to normal retirement) when the participant becomes sixty (60) years of age."

Page 4, after line 7, begin a new paragraph and insert:

"SECTION 11. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-7.5, as added by this act, and IC 5-10-5.5-8, as amended by this act, apply after June 30, 2007, to active participants in the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2.

SECTION 12. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-10, IC 5-10-5.5-11, and IC 5-10-5.5-12, all as amended by this act, apply to participants of the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2 who retire after June 30, 2007.

SECTION 13. [EFFECTIVE JULY 1, 2007] IC 5-10-5.5-7 and IC 5-10-5.5-13.5, both as amended by this act, apply to participants of the state excise police, gaming agent, and conservation enforcement officers' retirement plan established by IC 5-10-5.5-2 who become disabled after June 30, 2007."

Renumber all SECTIONS consecutively.

(Reference is to ESB 128 as printed March 13, 2007.)

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HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 128 be amended to read as follows:

Page 1, line 14, after "credit" insert **"earned as a fire chief or police chief"**.

Page 2, line 2, after "earned" insert **"as a fire chief or police chief"**.

Page 2, line 4, after "contributions" insert **"made during the fund member's appointment as a fire chief or police chief"**.

Page 2, line 17, after "service" insert **"as a fire chief or police chief"**.

(Reference is to ESB 128 as printed March 13, 2007.)

TYLER

 HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 128 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10.2-2-19 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: **Sec. 19. (a) As used in this section, "emerging money manager" means an investment adviser that:**

(1) has an investment portfolio of less than one billion dollars (\$1,000,000,000) on July 1, 2007; and

(2) is a minority business enterprise (as defined in IC 4-13-16.5-1) or a women-owned business enterprise (as defined in IC 5-16-6.5-3).

(b) The board of each fund is strongly encouraged to use emerging money managers to the greatest extent feasible in managing the assets of the fund.

(c) Except as provided in subsection (d), not later than December 31, 2008, each board shall contract for and employ:

(1) emerging money managers that are minority business enterprises to manage at least fifteen percent (15%) of the assets under the board's control; and

(2) emerging money managers that are women-owned business enterprises to manage at least five percent (5%) of the assets under the board's control.



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(d) Beginning with the 2007 annual report, each fund shall provide the following information in its annual report each year:

(1) The identity of each emerging money manager used by the fund.

(2) The percentage of the fund's assets under the investment control of each emerging money manager used by the fund.

If either fund, exercising financial and fiduciary prudence, determines that it is unable to meet the percentages set forth in subsection (c), the fund shall include in its annual report a description of efforts made to meet the percentages and a description of the fund's plan to achieve the percentages as quickly as possible.

SECTION 2. IC 5-10.3-5-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) Securities shall be held for the fund by banks or trust companies under a custodial agreement. Income, interest, proceeds of sale, materials, redemptions, and all other receipts from securities and other investments which the board retains for the cash working balance shall be deposited with the treasurer of state.

(b) **Subject to IC 5-10.2-2-19**, the board may contract with investment counsel, trust companies, or banks to assist the board in its investment program.

SECTION 3. IC 5-10.4-3-10, AS ADDED BY P.L.2-2006, SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) The board shall invest its assets with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The board also shall diversify investments in accordance with prudent investment standards, subject to the limitations and restrictions set forth in IC 5-10.2-2-18.

(b) The board may:

(1) make or have investigations made concerning investments; and

(2) contract for and employ investment counsel to advise and assist in the purchase and sale of securities, **subject to IC 5-10.2-2-19**.

(c) The board is not subject to IC 4-13, IC 4-13.6, or IC 5-16 when managing real property as an investment. A management agreement entered into by the board shall ensure that the management agent acts in a prudent manner regarding the purchase of goods and services. Contracts for the management of investment property shall be submitted to the governor, the attorney general, and the budget agency

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for approval. A contract for the management of real property as an investment:

- (1) may not exceed a four (4) year term and must be based upon guidelines established by the board;
- (2) may provide that the property manager may collect rent and make disbursements for routine operating expenses such as utilities, cleaning, maintenance, and minor tenant finish needs;
- (3) shall establish, consistent with the board's duty under IC 30-4-3-3(c), guidelines for the prudent management of expenditures related to routine operation and capital improvements; and
- (4) may provide specific guidelines for the board to:
 - (A) purchase new properties;
 - (B) contract for the construction or repair of properties; and
 - (C) lease or sell properties;

without individual transactions requiring the approval of the governor, the attorney general, the Indiana department of administration, and the budget agency. However, each individual contract involving the purchase or sale of real property is subject to review and approval by the attorney general at the specific request of the attorney general.

(d) Whenever the board takes bids in managing or selling real property, the board shall require a bid submitted by a trust (as defined in IC 30-4-1-1(a)) to identify all the following:

- (1) Each beneficiary of the trust.
- (2) Each settlor empowered to revoke or modify the trust."

Renumber all SECTIONS consecutively.

(Reference is to ESB 128 as printed March 13, 2007.)

CRAWFORD

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 128 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 5-10.2-4-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)]:
Sec. 6. (a) A member who becomes disabled while receiving a salary or employer provided income protection benefits or who is on leave

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under the Family and Medical Leave Act may retire for the duration of ~~his~~ **the member's** disability if:

(1) the member has at least five (5) years of creditable service before the:

(A) termination of a salary or employer provided income protection benefits or Family and Medical Leave Act leave; or

(B) exhaustion of all worker's compensation benefits;

(2) the member has qualified for Social Security disability benefits and has furnished proof of the Social Security qualification to the board; and

(3) at least once each year until the member reaches age sixty-five

(65) a representative of the board verifies the continued disability.

For the purposes of this section, a member of the public employees' retirement fund who has qualified for disability benefits under the federal civil service system is considered to have met the requirement of subdivision (2) if ~~he~~ **the member** furnishes proof of the qualification to the board of the public employees' retirement fund.

(b) Benefits for disability shall be paid beginning with the month following the onset of disability as determined by the Social Security Administration. The benefit is the retirement benefit specified in section 4 of this chapter with the pension computed using only the years of creditable service worked to the date of disability and without reduction for early retirement. However, the monthly disability retirement benefit may not be less than one hundred ~~eighty~~ **eighty** dollars ~~(\$100): (\$180)~~.

(c) The member may have ~~his~~ **the member's** benefit paid under any of the retirement benefit options specified in section 7 of this chapter, except that the member may not choose to have the member's disability retirement benefit paid under the method specified under section 7(b)(3) of this chapter.

(d) This section applies to:

(1) a member of the public employees' retirement fund who became disabled after June 30, 1973; and

(2) a member of the Indiana state teachers' retirement fund who becomes disabled after June 30, 1984, and who chooses disability retirement under this section.

(e) To the extent required by the Americans with Disabilities Act (42 U.S.C. 12101 et seq.) and any amendments and regulations to the Act, the transcripts, records, and other material compiled to determine the existence of a disability shall be:

(1) kept in separate medical files for each member; and

(2) treated as confidential medical records.

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(f) A member may continue to receive disability benefits from the public employees' retirement fund or the Indiana state teachers' retirement fund so long as the member is entitled to receive Social Security benefits, including periods of trial employment or rehabilitation under the Social Security guidelines. However, during a period of trial employment or rehabilitation, service credit may not be granted under the public employees' retirement fund or the Indiana state teachers' retirement fund.

(g) If the fund is authorized to make, in the form of a single check or a series of checks, a one (1) time distribution that does not increase the pension portion of the monthly benefit, the distribution must include members eligible for disability benefits. A member eligible for disability benefits is required to meet all additional requirements necessary to receive the check or series of checks issued by the fund under this subsection."

Page 4, after line 7, begin a new paragraph and insert:

"SECTION 4. [EFFECTIVE JANUARY 1, 2007 (RETROACTIVE)] IC 5-10.2-4-6, as amended by this act, applies to disability retirement benefits payable by the Indiana state teachers' retirement fund and the public employees' retirement fund after December 31, 2006.

SECTION 5. An emergency is declared for this act."

Re-number all SECTIONS consecutively.

(Reference is to ESB 128 as printed March 13, 2007.)

CRAWFORD

HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 128 be amended to read as follows:

Page 2, after line 42, begin a new paragraph and insert:

"SECTION 3. IC 36-8-10-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 13. Except as provided in section 19 of this chapter, a sheriff may participate in the pension trust in the same manner as a county police officer. In addition, a sheriff who is not participating in the pension trust after the creation of the pension trust in his the sheriff's county may make a payment to the pension trust in the amount of contributions he the sheriff would have made had he the sheriff been participating while a sheriff, plus interest at three percent (3%) compounded annually. The sheriff is

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entitled to credit for the years of service as a sheriff for all purposes of the pension trust if ~~he~~ **the sheriff** makes this payment.

SECTION 4. IC 36-8-10-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 19. **(a) Except as provided in subsection (c),** a person entitled to ~~a~~ **an** interest in or share of a pension or benefit from the trust funds may not, before the actual payment, anticipate it or sell, assign, pledge, mortgage, or otherwise dispose of or encumber it. In addition, the interest, share, pension, or benefit is not, before the actual payment, liable for the debts or liabilities of the person entitled to it, nor is it subject to attachment, garnishment, execution, levy, or sale on judicial proceedings, or transferable, voluntarily or involuntarily.

(b) The trustee may expend the sums from the fund that it considers proper for necessary expenses.

(c) This subsection does not apply to the sheriff of a county. Notwithstanding any other provision in this chapter, an employee beneficiary who is receiving a normal or disability monthly pension benefit under this chapter may, after June 30, 2007, authorize the trustee to pay a portion of the employee beneficiary's monthly pension benefit to an insurance provider for the purpose of paying a premium on a policy of insurance for accident, health, or long term care coverage for:

- (1) the employee beneficiary;**
- (2) the employee beneficiary's spouse; or**
- (3) the employee beneficiary's dependents (as defined in Section 152 of the Internal Revenue Code)."**

Renumber all SECTIONS consecutively.

(Reference is to ESB 128 as printed March 13, 2007.)

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